DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (this "Agreement") is made and entered into as of March 20, 2007, by and between the CITY OF NASSAU BAY, TEXAS, a home rule municipality located in Harris County, Texas (the "City"), and GRIFFIN PARTNERS NASSAU BAY, LP, a Texas limited partnership (the "Developer").

RECITALS

A Capitalized terms used in these recitals are defined in Article I, below.

B The Developer is a real estate developer that, individually or through related entities, has developed commercial properties in various areas throughout the State of Texas.

C The Developer has entered into a contract to acquire the Property fronting on NASA Parkway across NASA Parkway from the primary entrance to the NASA facility. In addition, the Developer intends to acquire and add to the Property or obtain permission to redevelop approximately 5 acres of adjacent rights-of-way and publicly owned property.

D. The Developer desires to cause the Property to be developed as a mixed-use commercial development, which may include a hotel, office buildings, residential units and retail development.

E. In performing its due diligence the Developer has determined that in order to make the Project economically viable, it will require reimbursement of the Reimbursement Amount.

F. The City is very interested and desirous of promoting economic development within its boundaries.

G. The City desires for the Property to be redeveloped as a catalyst to the redevelopment of the surrounding area, particularly the waterfront.

H To achieve such results, the City desires to have the Property acquired and developed by the Developer, as set forth above. The City intends to create a TIRZ and desires to enter into this Agreement to provide economic development assistance to the Developer and promote the redevelopment of the surrounding area.

I. The Developer will initially pay or borrow funds from a commercial lender to pay the Project Costs to make the TIRZ Improvements and be reimbursed the Reimbursement Amount from Tax Increment created by the Project or the proceeds of TIRZ Bonds.

J The Property is blighted, undeveloped or underdeveloped and the TIRZ is intended and needed to provide the financing and management tools to

c: Redevelopment file

facilitate the development of the Project; therefore, it is understood that absent such tools, the Project would not occur solely through private investment in the foreseeable future, and would not consist of the high-quality, mixed-use development as contemplated by the Parties, thereby denying the benefits to the City and the Project as provided herein.

K. The City, after due and careful consideration, has concluded that the development of the Property as provided for herein will further the growth of the City, improve the environment of the City, increase the assessed valuation within the City, foster increased economic activity within the City, increase employment opportunities within the City, upgrade public infrastructure serving the Property, and otherwise be in the best interests of the City by furthering the health, safety and welfare of its residents and taxpayers, and that entering into this Agreement is necessary and convenient to implement the Plans and achieve their purposes.

L. The City desires to have the Developer undertake the development of the Property to serve the needs of the City, to produce increased tax revenues for the various taxing units authorized to levy taxes on real property within the TIRZ, to stimulate and induce the development of the TIRZ, and to finance the Project Costs, using property tax increment revenues and the proceeds of the TIRZ Bonds, all in accordance with the terms and provisions and this Agreement.

M. Pursuant to Chapter 380, the City has the power and authority to establish and provide for the administration of programs, including programs for making loans and grants of public money, to promote state or local economic development and to stimulate business and commercial activity in the City.

N. If the City is unable or unwilling to create the TIRZ, the City desires to enter this Agreement to establish a program to reimburse the Developer the Reimbursement Amount pursuant to Chapter 380.

O. Under the terms of the Developer's contract for the acquisition of the Property, it will become necessary for the closing to occur prior to the time that the TIRZ can be created. The Developer is not willing to proceed with the acquisition unless the City makes assurances that the TIRZ will be created.

P. In an effort to provide the Developer with such assurances, on March 12, 2007, the City Council of the City approved the terms and authorized the execution of a Memorandum of Understanding.

Q. As a further act of cooperation and support for the Project, the City has gone to extraordinary lengths to negotiate, prepare, approve and authorize the execution of this Agreement on a very short timeframe. As a result, there may be

aspects of the development of the Project not encompassed by this Agreement and further agreement may be necessary.

NOW, THEREFORE, in consideration of the foregoing, and of the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficient of which are hereby acknowledged, the parties hereby agree as follows:

ARTICLE I

DEFINITIONS; INCORPORATION OF RECITALS

1.1 Definitions. Capitalized terms used herein, including the recitals hereto, shall have the meanings set forth in this section, unless otherwise defined, or unless the context clearly requires another definition.

Architectural Review Committee means a committee established by the provisions of the CCRs whereby site plans and improvement plans (excluding all public roadway paving and all underground utilities) within the Property are required to be reviewed by the committee and either approved or rejected.

CCRs mean the Covenants, Conditions and Restrictions now or hereafter recorded and encumbering the Property.

Chapter 380 means Chapter 380, Texas Local Government Code, which authorizes the City to establish programs for making economic development grants.

City means the City of Nassau Bay, Texas, a home rule municipality located in Harris County, Texas.

Developer means Griffin Partners Nassau Bay, LP, a Texas limited partnership, its successors and assigns.

Developer Interest means interest on the advances made by the Developer to fund (whether or not such funds are borrowed by the Developer from a commercial lender) the Project Costs of the TIRZ Improvements. Developer Interest shall accrue beginning on the date funds are advanced until the date of reimbursement and shall be calculated at a rate equal to the Developer's actual cost of borrowing funds not to exceed the prime rate of the City's depository institution (currently Bank of America), unless increased as described in Section 4.5(d). Interest shall be calculated on the basis of a year of 360 days and the actual days elapsed (including the first day but excluding the last day) occurring in the period for which such interest is payable, unless such calculation

would result in a usurious rate, in which case interest shall be calculated on the per annum basis of a year of 365 or 366 days, as applicable, and the actual days elapsed (including the first day but excluding the last day) Such interest shall be simple interest compounded annually based on the existing unpaid balance, plus any accrued interest to date. Developer Interest shall cease to accrue when the unpaid balance, plus any previously accrued interest, is fully reimbursed or paid.

Fund means the Tax Increment Fund created by the City pursuant to the TIF Act and the ordinance adopted by the City creating the TIRZ

Letter of Acceptance means a certificate of the City certifying the completion of a discrete portion of the TIRZ Improvements constructed by or under the supervision of the Developer in accordance with the applicable plans and regulations.

Local Government Corporation means a non-profit local government corporation created to aid, assist and act on behalf of the City pursuant to Subchapter D, Chapter 431, Transportation Code.

Management District means a municipal management district created by Special Act of the Texas Legislature operating pursuant to Chapter 375, Texas Local Government Code.

Party or *Parties* means all or any of the City and the Developer, as applicable.

Project means the real estate development planned for the Property in accordance with the terms of the PUD, the Zoning Code, the Revitalization Plan, and this Agreement.

Project Plan means the project plan and reinvestment zone financing plan approved by the Board of Directors of the TIRZ and approved by the City Council of the City in accordance with the TIF Act.

Project Costs mean and include all costs defined as "project costs" in Section 311.002(1) of the TIF Act as now or hereafter provided, incurred in connection with the design and construction of the TIRZ Improvements.

Property means the approximately 27 acre tract shown on **Exhibit B,** attached hereto and made a part hereof, and any adjacent rights-of-way and publicly owned property that the Developer acquires or obtains permission to redevelop.

PUD means the Planned Unit Development for the Property.

Reimbursement Amount means the actual Project Costs of the TIRZ Improvements up to $8,050,000, plus TIRZ Creation Advances and TIRZ Operating Advances, together with Developer Interest.

Revitalization Plan means the plan approved and adopted by the City for the revitalization of a portion of the Property and the surrounding area, attached hereto as **Exhibit C**.

Tax Increment means the amount of tax revenue derived from or attributable to the Property and the Project collected as determined pursuant to Section 311.012 of the TIF Act and deposited in the Fund in accordance with the Plan and the participation agreement with any participating taxing unit.

TIF Act means the Tax Increment Financing Act, Chapter 311, Texas Local Government Code, as amended.

TIRZ means the tax increment reinvestment zone to be created by the City over the Property and other property within the City.

TIRZ Bonds mean bonds, notes or other obligations payable from Tax Increment issued to acquire, construct and finance TIRZ Improvements to be issued and sold by the City or the Local Government Corporation in accordance with the TIF Act.

TIRZ Creation Advances mean funds advanced by the Developer to reimburse the City for its outside legal and planning consultants for the review and preparation of the Memorandum of Understanding, this Agreement and 50% (up to a maximum amount of $50,000) of the City's outside legal and planning consultants for the review and preparation of the plans, petitions, certificates, ordinances and other documents relating to the creation of the TIRZ.

TIRZ Improvements mean the various improvements to be funded by the Developer to support the Project, as more fully set forth in **Exhibit A**.

TIRZ Operating Advances mean funds advanced by the Developer to pay the Developer's pro rata share of the reasonable administration and operation expenses of the TIRZ up to $75,000 per year (unless the Developer agrees to a higher amount) until Tax Increment is sufficient to cover such expenses.

Zoning Code means the City's Zoning Ordinance, as amended from time to time.

1.2 Recitals incorporated. The representations, covenants and recitations set forth in the recitals to this Agreement are material to this Agreement and are hereby found and agreed to be true and correct, and are incorporated into and made a part hereof as though they were fully set forth in this article.

ARTICLE II

COOPERATION

The parties agree to take such actions, including the execution and delivery of such documents, instruments, petitions and certifications (and, in the City's case, the adoption of such ordinances and resolutions), as may be necessary or appropriate, from time to time, to carry out the terms, provisions and intent of this Agreement and to aid and assist each other in carrying out said terms, provisions and intent. The City agrees to cooperate in good faith with and assist the Developer in working with TxDOT and other applicable governmental entities to permit crossing NASA Parkway from the NASA facility to the Property at Saturn Road, including all desirable traffic signals and turn lanes. The City agrees to cooperate in good faith with the Developer in the development of the Project, including, as necessary, rerouting of streets consistent with the PUD.

ARTICLE III

EFFECTIVENESS OF AGREEMENT

This Agreement shall become effective from and after its approval and execution by both parties.

ARTICLE IV

DEVELOPMENT OF THE PROJECT AND CONSTRUCTION AND FINANCING OF TIRZ IMPROVEMENTS

4.1 The Project. The Property shall be developed in accordance with the PUD and the Zoning Code. The Developer shall construct the Project in conformance with the PUD, the Zoning Code and all applicable City codes and ordinances.

4.2 Creation of the TIRZ.

(a) To assist with the infrastructure financing for the Project and to further the economic development of the City, the City agrees to create the TIRZ over the Property

prior to December 31, 2007. The Developer agrees to file any and all necessary or convenient petitions for the creation of the TIRZ, if requested by the City.

(b) The Developer and the City agree to cooperate in the development of the Project Plan as required by the TIF Act; provided, however, the City and the Developer agree that, at a minimum, (i) the City will contribute 100% of its Tax Increment to the Fund, or a lesser percentage determined by the City, but in no event less than 90% and not less than the percentage contributed by the City on the other property in the TIRZ; (ii) the final Project Plan shall include all the TIRZ Improvements (or other mutually agreed public improvements that generate the same amount of reimbursement) provided in this Agreement; and (iii) the Project Plan shall provide that the Developer shall be reimbursed for one hundred percent of the Reimbursement Amount to the extent that the Project produces sufficient value to make such reimbursements feasible.

(c) The City agrees to adopt amendments to the Project Plan as necessary to achieve one hundred percent reimbursement to the Developer of the Reimbursement Amount. Such amendments may include adding new TIRZ Improvements or substituting new TIRZ Improvements for current TIRZ Improvements, including an economic development grant from the TIRZ or the design and construction of and the site for the new permanent City Hall as discussed in Section 7.3 of this Agreement.

4.3 TIRZ Creation Advances and TIRZ Operating Advances. The Developer shall fund (or borrow funds from a commercial lender to fund) the TIRZ Creation Advances and the TIRZ Operating Advances, subject to reimbursement from the proceeds of TIRZ Bonds or Tax Increment, plus Developer Interest.

4.4 Construction of TIRZ Improvements.

(a) The TIRZ Improvements consist of public improvements to be described in the Project Plan and eligible under the TIF Act for financing by a tax increment reinvestment zone. The City and the Developer agree that the TIRZ Improvements shall be designed and constructed in accordance with all applicable City codes, ordinances and regulations. The TIRZ Improvements shall be designed by the Developer with the plans and specifications subject to review and approval by the City.

(b) The TIRZ Improvements shall be advance-funded by the Developer (whether or not such funds are borrowed by the Developer from a commercial lender), subject to reimbursement from the proceeds of TIRZ Bonds or Tax Increment, plus Developer Interest. The Developer shall submit to the City and the TIRZ Board of Directors plans and specifications of the TIRZ Improvements to be constructed for review and approval with regard to compliance with the requirements of this Agreement and the Project Plan. All construction plans and specifications for the TIRZ Improvements, together with an engineer's estimate of probable costs, shall be submitted to the City and the TIRZ Board of Directors for review and approval prior to the commencement of construction. Any changes in the construction plans and specifications of TIRZ Improvements subsequent to City approval shall be re-submitted

to the City for review and approval. The Developer shall pay all applicable plan review and construction inspection fees required by the City codes and ordinances for TIRZ Improvements, all of which shall be considered Project Costs of the TIRZ Improvements and eligible for reimbursement, plus Developer Interest, up to the Reimbursement Amount.

(c) Upon completion of construction, the Developer shall provide the City with final, "record" drawings of the TIRZ Improvements. Promptly upon the completion of construction of any of the TIRZ Improvements, the City shall inspect the said improvements and shall furnish a Letter of Acceptance so certifying its acceptance. The Developer will follow standard City requirements applicable to all developers within the City with regard to the acceptance of facilities by the City.

(d) All TIRZ Improvements, except the demolition or environmental abatement of structures on private property, shall be constructed on sites or in easements or rights of way that are, or will be, publicly owned. To the extent that any of the TIRZ Improvements are located on property owned by the Developer, the Developer shall convey a site, easement or right of way, as appropriate, to the City in conjunction with the conveyance of the related TIRZ Improvements.

(e) The City and the Developer shall agree to a reasonable process for bidding, awarding and requiring payment and performance bonds for the design and construction of the TIRZ Improvements.

4.5 Reimbursement / TIRZ Bonds.

(a) In consideration for the funding of the TIRZ Improvements by the Developer, the City agrees to reimburse or cause to be reimbursed from Tax Increment or the proceeds of TIRZ Bonds the Reimbursement Amount to the Developer.

(b) The City hereby grants, conveys, pledges and assigns to the Developer a first lien on and security interest in the Tax Increment, subject only to the rights of any of the holders of bonds and notes that are hereafter issued or incurred by the City or caused to be issued or incurred by the City, which are secured by a pledge of all or a portion of the Fund, the proceeds of which are used to reimburse the Developer. Without limiting the provisions of this Paragraph (b), the City specifically agrees that no interests in the Tax Increment shall be granted, conveyed, pledged, or assigned to another developer of property in the TIRZ until the Developer is fully reimbursed.

(c) The City agrees to make all reasonable efforts to obtain approval for the sale of TIRZ Bonds and to sell or cause to be sold TIRZ Bonds for the purpose of reimbursement the Developer at the earliest feasible date, based upon the recommendations of its attorneys and financial advisor.

(d) The City agrees to sell or cause to be sold TIRZ Bonds if and when the City's financial advisor recommends that the City sell or cause to be sold TIRZ Bonds the net proceeds of which fully reimburse the Developer for the Reimbursement Amount and that such bonds are marketable. If the City does not proceed to sell or cause to be sold such TIRZ Bonds within 120 days of such recommendation of the City's financial advisor, then the rate of Developer Interest on any funds not yet reimbursed by the City the Developer shall increase to the prime rate of the City's depository institution (currently Bank of America) plus 5%, to the extent allowed by law.

4.6 Economic Development Grant. If, for whatever reason, the City is unable or unwilling to create the TIRZ, in consideration for the funding of the TIRZ Improvements by the Developer, the City agrees to reimburse or cause to be reimbursed from the increase in ad valorem taxes on the Property collected by the City generated by the Project (i.e., the same funds that would have represented the City's Tax Increment if a TIRZ had been created) the Reimbursement Amount to the Developer as an economic development grant pursuant to Chapter 380. The City hereby establishes a program for making this economic development grant and finds that this Agreement is pursuant to such program.

4.7 Tax Abatements. The City agrees to adopt tax abatement guidelines and take other necessary preliminary actions to establish a program for granting tax abatements.

4.8 Parking Revenue. The City and the Developer agree that as an inducement for the City to size the Reimbursement Amount as provided herein that the Developer agrees that it shall use commercially reasonable efforts to convince one or more of its purchasers or tenants, such as a hotel, to enter into a lease with the City for parking and such lease or leases shall generate parking revenues to the City of approximately $85,000 or $90,000 per year.

ARTICLE V

LAND USE AND PUD

5.1 Introduction. The Property is to be developed as a high-quality, mixed-use development which may include office, retail, hotel, senior or assisted living, and residential uses. The City desires to maximize retail uses and the Developer agrees to do so based upon market demand. The City desires that all residential units on the Property ultimately be owner-occupied. The Developer agrees that all residential units on the Property be designed and constructed in a manner that allows for their individual sale and ownership.

5.2 Planned Unit Development.

(a) The Developer and City recognize that it is in the interest of the Developer and the City that the Property be used to further the economic development interests of both the Developer and the citizens of the City. Therefore, the Project shall be developed as a PUD in accordance with the Zoning Code and the City's PUD Ordinance. The Developer agrees to comply with all of the procedures provided for a PUD in the Zoning Code and the PUD Ordinance.

(b) The Developer agrees that it will prepare and submit to the City a request and application for a PUD which will include office, retail, hotel and residential uses in accordance with the City's PUD Ordinance and the City's Revitalization Plan.

(c) The City agrees to cooperate with the Developer and use good faith efforts to approve a PUD that includes restrictions on building height and stories compatible with the Project and, in a timely manner, to cause the Property to be rezoned so as to permit the Project in accordance with the PUD, the Zoning Code, the Revitalization Plan, and all applicable City codes and ordinances.

5.3 Development Covenants. The Developer agrees to adopt CCRs and promulgate the Developer's guidelines regarding development standards, consistent with the PUD, the Zoning Code and any relevant City ordinances and regulation. The Developer will provide copies of its CCRs to the City for review and approval by the City prior to filing same. Such CCRs will provide that the City may designate one individual to act as a voting member of the Architectural Review Committee (which shall not consist of more than five voting members) enforcing restrictive covenants relating to the property in the Project. The Developer agrees to require any subdevelopers to abide by the Developer's development standards and provide for enforcement mechanisms for restrictive covenants.

5.4 Redevelopment of Surrounding Property. The Developer agrees to work cooperatively with the City so that the development of the Project is consistent with and contributes to the redevelopment of the surrounding area, including the Revitalization Plan.

ARTICLE VI

MANAGEMENT DISTRICT

6.1 Creation of District. The City agrees, at the City's sole cost and expense, to use good faith efforts to cause the Management District to be created, which will include the Property and will fund supplemental services and improvements to the

Property and other property included in the Management District with a Management District sales tax and assessments. The Developer agrees, at the City's request, to execute and deliver to the City a letter or petition supporting the legislative creation of the Management District.

6.2 Petition for Services and Improvements. The Developer agrees, at the City's request, to execute and deliver to the City or the Management District a petition requesting the adoption of a Service and Improvement and Assessment Plan for the Management District.

6.3 Board of Directors The City agrees to appoint to the Board of Directors of the Management District a qualified individual designated by the Developer.

ARTICLE VII

CITY HALL AND OTHER MUNICIPAL PROPERTY

7.1 Current Municipal Property. The City agrees to convey to the Developer, or otherwise to grant the Developer permission to develop, or otherwise grant the Developer, by easement or otherwise, the right to use the site of the City's current City Hall and Fire Station, and the property known as the frontage road adjacent to the 1700 and 1800 blocks of NASA Parkway, all as set forth on **Exhibit D** hereto.

7.2 Interim City Hall. The Developer agrees to lease the existing structure at 18100 Upper Bay Road to the City for the location of an interim City Hall. Such lease shall be for $1.00 per year with the City being responsible for paying all utilities, taxes, maintenance, janitorial, landscaping and other operating costs for the structure and surrounding area and shall be for a term sufficient to satisfy the provisions of Section 7.3 below.

7.3 New Permanent City Hall. The Developer and the City agree to cooperate in good faith in the selection of a site for a new permanent City Hall. If the Developer and City agree on a site and design and cost, then the Developer agrees to construct a new permanent City Hall for the City. Upon completion of the new permanent City Hall and with **30 days** prior written notice from the Developer to the City, the City shall promptly vacate 18100 Upper Bay Road and shall relocate to the new permanent City Hall.

ARTICLE VIII

AUTHORITY; COVENANTS

8.1 Powers.

(a) The City hereby represents and warrants to Developer that the City has full constitutional and lawful right, power and authority, under currently applicable law, to execute and deliver and perform the terms and obligations of this Agreement, and all of the foregoing have been or will be duly and validly authorized and approved by all necessary City proceedings, findings and actions. Accordingly, this Agreement constitutes the legal, valid and binding obligation of the City, is enforceable in accordance with its terms and provisions and does not require the consent of any other governmental authority.

(b) The Developer hereby represents and warrants to the City that subject to the Developer purchasing the Property, Developer has full lawful right, power and authority to execute and deliver and perform the terms and obligations of this Agreement and all of the foregoing have been or will be duly and validly authorized and approved by all necessary actions of Developer. Concurrently with Developer's execution of this Agreement, Developer has delivered to the City copies of the resolutions or other corporate actions authorizing the execution of this Agreement and evidencing the authority of the persons signing this Agreement on behalf of Developer to do so. Accordingly, subject to the Developer purchasing the Property, this Agreement constitutes the legal, valid and binding obligation of Developer, and subject to the Developer purchasing the Property, is enforceable in accordance with its terms and provisions

8.2 Authorized Parties Whenever under the provisions of this Agreement and other related documents and instruments or any supplemental agreements, any request, demand, approval, notice or consent of the City or Developer is required, or the City or Developer is required to agree or to take some action at the request of the other, such request, demand, approval, notice or consent, or agreement shall be given for the City, unless otherwise provided herein, by the Mayor or his designee and for Developer by any officer of Developer so authorized by the Developer in writing (and, in any event, the officers executing this Agreement are so authorized); and any party shall be authorized to act on any such request, demand, approval, notice or consent, or agreement.

ARTICLE IX

GENERAL PROVISIONS

9.1 Default.

(a) A party shall be deemed in default under this Agreement (which shall be deemed a breach hereunder) if such party fails to perform, observe or comply with any of its covenants, agreements or obligations hereunder or breaches or violates any of its representations contained in this Agreement.

(b) Before any failure of any party to perform its obligations under this Agreement shall be deemed to be a breach of this Agreement, the party claiming such failure shall notify, in writing, the party alleged to have failed to perform of the alleged failure and shall demand performance. No breach of this Agreement may be found to have occurred if performance has commenced to the reasonable satisfaction of the complaining party within 15 days of the receipt of such notice. Upon a breach of this Agreement, the non-defaulting Party, in any court of competent jurisdiction, by an action or proceeding at law or in equity, may secure the specific performance of the covenants and agreements herein contained, may be awarded damages for failure of performance, or both. Except as otherwise set forth herein, no action taken by a Party pursuant to the provisions of this Section or pursuant to the provisions of any other Section of this Agreement shall be deemed to constitute an election of remedies; and all remedies set forth in this Agreement shall be cumulative and non-exclusive of any other remedy either set forth herein or available to any Party at law or in equity. Each of the Parties shall have the affirmative obligation to mitigate its damages in the event of a default by the other Party.

Notwithstanding anything in this Agreement which is or may appear to be to the contrary, if the performance of any covenant or obligation to be performed hereunder by any Party is delayed as a result of circumstances which are beyond the reasonable control of such Party (which circumstances may include, without limitation, pending or threatened litigation, acts of God, war, acts of civil disobedience, fire or other casualty, shortage of materials, adverse weather conditions [such as, by way of illustration and not limitation, severe rain storms or below freezing temperatures, or tornados] labor action, strikes or similar acts) the time for such performance shall be extended by the amount of time of such delay. The Party claiming delay of performance as a result of any of the foregoing "force majeure" events shall deliver written notice of the commencement of any such delay resulting from such force majeure event not later than seven days after the claiming Party becomes aware of the same, and if the claiming Party fails to so notify the other Party of the occurrence of a "force majeure" event causing such delay, the claiming Party shall not be entitled to avail itself of the provisions for the extension of performance contained in this Section.

9.2 Personal liability of public officials. To the extent permitted by State law, no public official or employee shall be personally responsible for any liability arising under or growing out of this Agreement.

9.3 Liability of the Developer, its successors and assignees. Any obligation or liability of the Developer whatsoever that may arise at anytime under this Agreement or any obligation or liability which may be incurred by the Developer pursuant to any other instrument, transaction or undertaking contemplated hereby shall be satisfied, if at all, out of the assets of the Developer only. No obligation or liability shall be personally binding upon, nor shall resort for the enforcement thereof be had to, the property of any of partners, officers, employees, shareholders or agents of the Developer, regardless of whether such obligation or liability is in the nature of contract, tort or otherwise.

9.4 Notices. Any notice sent under this Agreement (except as otherwise expressly required) shall be written and mailed or sent by rapid transmission confirmed by mailing written confirmation at substantially the same time as such rapid transmission, or personally delivered to an officer of the receiving party at the following addresses:

If to the City:

City of Nassau Bay
1800 NASA Parkway
Nassau Bay, Texas 77058
Attn: John Kennedy, City Manager

with a copy to:

Trey Lary
Allen Boone Humphries Robinson LLP
3200 Southwest Freeway
Suite 2600
Houston, Texas 77027

If to the Developer:

Griffin Partners Nassau Bay, LP
c/o Griffin Partners
5151 San Felipe, Suite 1300
Houston, Texas 77056
Attn: Fred Griffin

with a copy to:

Mayer, Brown, Rowe & Maw, LLP
700 Louisiana, Suite 3400
Houston, Texas 77002

Attn: Marvin Katz

Each party may change its address by written notice in accordance with this Section. Any communication addressed and mailed in accordance with this Section shall be deemed to be given when so mailed, any notice so sent by rapid transmission shall be deemed to be given when receipt of such transmission is acknowledged, and any communication so delivered in person shall be deemed to be given when received for by, or actually received by, an authorized officer of the City or the Developer, as the case may be.

9.5 Amendments and waivers. Any provision of this Agreement may be amended or waived if such amendment or waiver is in writing and is approved by the City Council and the Developer. No course of dealing on the part of the City or the Developer nor any failure or delay by the City or the Developer with respect to exercising any right, power or privilege pursuant to this Agreement shall operate as a waiver thereof, except as otherwise provided in this Section.

9.6 Invalidity. In the event that any of the provisions contained in this Agreement shall be held unenforceable in any respect, such unenforceability shall not affect any other provisions of this Agreement and, to that end, all provisions, covenants, agreements or portions of this Agreement are declared to be severable.

9.7 Successors and assigns. No party to this Agreement shall have the right to assign its rights under this Agreement or any interest herein, without the prior written consent of the other parties, except that the Developer may, without the prior written consent of the City, assign: (i) its rights to reimbursement hereunder to a commercial lender, and (ii) its rights and responsibilities hereunder to an Affiliate of the Developer. "Affiliate of the Developer" as used herein, includes any parent, sister, partner, joint venturer, or subsidiary entity of the Developer; any entity in which the Developer is a major shareholder, owns an equity interest, or is a joint venturer or partner (whether general or limited).

9.8 Exhibits, titles of articles, sections and subsections. The exhibits attached to this Agreement are incorporated herein and shall be considered a part of this Agreement for the purposes stated herein, except that in the event of any conflict between any of the provisions of such exhibits and the provisions of this Agreement, the provisions of this Agreement shall prevail. All titles or headings are only for the convenience of the parties and shall not be construed to have any effect or meaning as to the agreement between the parties hereto. Any reference herein to a section or subsection shall be considered a reference to such section or subsection of this Agreement unless otherwise stated. Any reference herein to an exhibit shall be considered a reference to the applicable exhibit attached hereto unless otherwise stated.

9.9 Applicable law This Agreement is a contract made under and shall, be construed in accordance with and governed by the laws of the United States of America and the State of Texas, and any actions concerning this Agreement shall be brought in either the Texas State Courts of Harris County, Texas or the United States District Court for the Southern District of Texas.

9.10 Entire agreement. This written agreement represents the final agreement between the parties and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties.

9.11 Term of Agreement The term of this Agreement shall commence on the date first above written and shall continue until the date of the completion of the Project and the payment to Developer of one hundred percent of the Reimbursement Amount

9.12 No waiver of City standards. The City does not waive or grant any exemption to the Property or the Developer with respect to City regulations or ordinances, including without limitation platting, permitting or similar provisions

9.13 Approval by the parties. *Whenever this Agreement requires or permits* approval or consent to be hereafter given by any of the parties, the parties agree that such approval or consent shall not be unreasonably withheld or delayed.

9.14 Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

9.15 Interpretation. This Agreement has been jointly negotiated by the parties and shall not be construed against a party because that Party may have primarily assumed responsibility for the drafting of this Agreement

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in multiple copies, each of equal dignity, as of the date first provided above.

CITY OF NASSAU BAY

By: _____
Mayor

By: _____
City Manager

ATTEST:

_____
City Secretary

(SEAL)

APPROVED AS TO FORM

_____
City Attorney

GRIFFIN PARTNERS NASSAU BAY,
a Texas limited partnership

By: _____

By: _____
Name: Fred B. Griffin
Title: Vice President

Exhibits

A – TIRZ Improvements

B – Drawing of the Property

C – the City's Revitalization Plan

D – Drawing of the municipally-owned property

Nassau Bay Redevelopment - Summary of Economic Development Support

Tax Increment Reinvestment Commitment

Griffin Partners, Inc.
As of 3-11-2007

Proposed TIRZ expenditures		**Estimated Costs**	**Timing**
Removal of existing structures:		$2,500,000	
Cleanup and removal of asbestos and other environmental hazards in the existing structures	$750,000		50% Q3-2007
Demolition of existing structures	$1,750,000		50% Q1-2008
Changes or additions to the public street network internal to the site		$500,000	Q1-2008
Relocation of public utilities (water, wastewater, drainage) underlying public streets or easements		$350,000	Q2-2008
Open space / public recreational facilities		$450,000	Q4-2008
Enhanced landscaping (above city minimum standard) in the public rights of way, including the FM 528 frontage		$200,000	Q1-2009
SUBTOTAL		$4,000,000	
Public parking facility 1 (adjacent to the hotel, will lease 200 spaces to the hotel for approx. $85,000 per year)		$3,000,000	Q3 thru Q4 2008
Additional Enhanced Landscaping and common are improvements, additional demolition		$1,050,000	Q4 2008 thru Q1 2009
TOTAL		$8,050,000	

Exhibit A

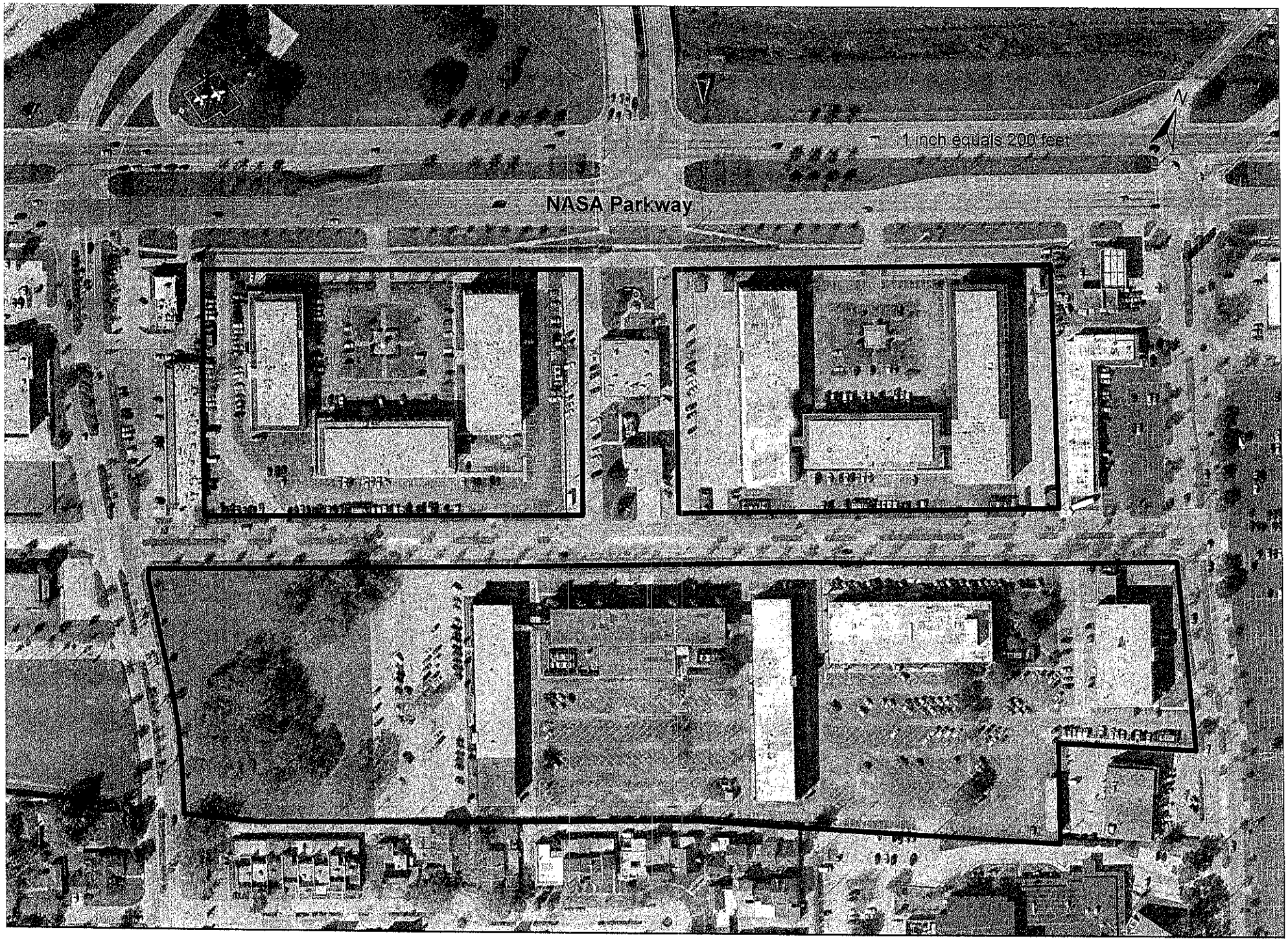
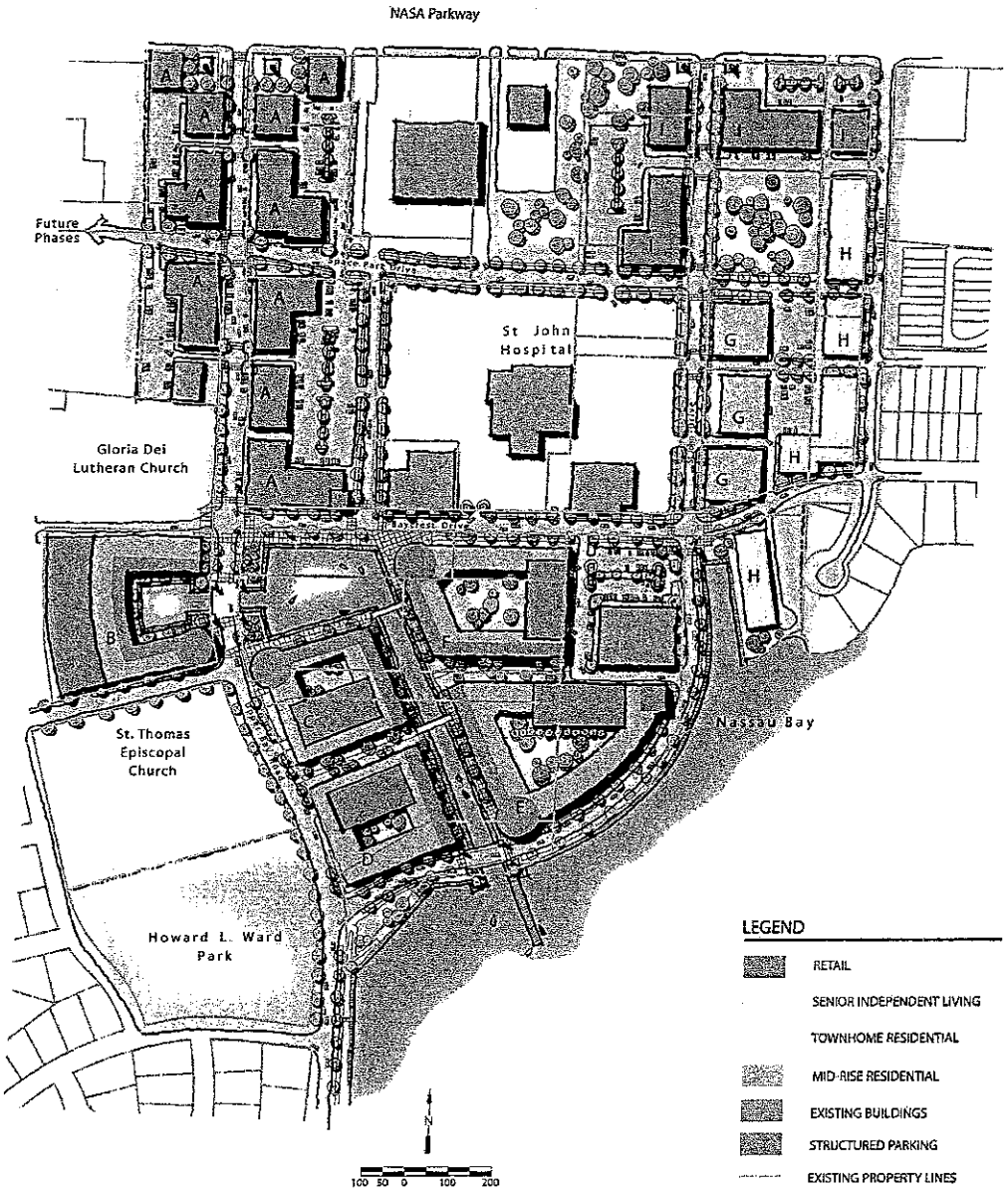


Exhibit B

Exhibit C



DEVELOPMENT PRINCIPLES

THEMES:

EMPHASIZE SMALL TOWN FEEL

CAPITALIZE ON WATEFRONT LOCATION.

LEVERAGE HISTORICAL ASSOCIATION WITH SPACE PROGRAM

CONSIDER USING ARTS AS A CULTURAL THEME

COMMUNITY DEVELOPMENT:

CREATE A WALKABLE MIXED-USE COMMUNITY

DEVELOP 'URBAN' WATERFRONT HOUSING.

FOCUS DEVELOPMENT ON A VARIETY OF NEW PUBLIC OPEN SPACES (E.G. WATERFRONT CANALS, PARKS)

RETAIL DEVELOPMENT:

CREATE 'GATEWAYS' ALONG NASA PARKWAY TO INCREASE AWARENESS, DRAWING VISITORS INTO THE CITY.

ATTRACT SERVICES AND BOUTIQUE RETAIL TO PROVIDE SHOPPING EXPERIENCE FOR LOCAL RESIDENTS

PROVIDE INFRASTRUCTURE THAT WILL ATTRACT VISITOR-RELATED ENTERTAINMENT DEVELOPMENT

CONCEPTUAL LAND USES FOR
CITY OF NASSAU BAY
REVITALIZATION PLAN PHASE ONE

NOVEMBER 2004

KNUDSON & associates

SWA

Save and except the public streets and easements depicted on previously filed subdivision plats, nothing herein is to imply that the city owns or controls the land depicted hereon. It does not. Nothing herein is intended as a declaration of an intended public purpose as a precondition to the public taking of the property depicted. This is merely a municipal planning indicator of the kind of future development that would be considered welcome and/or useful under the Master Plan for stimulation of economic development and commercial and/or residential revitalization.

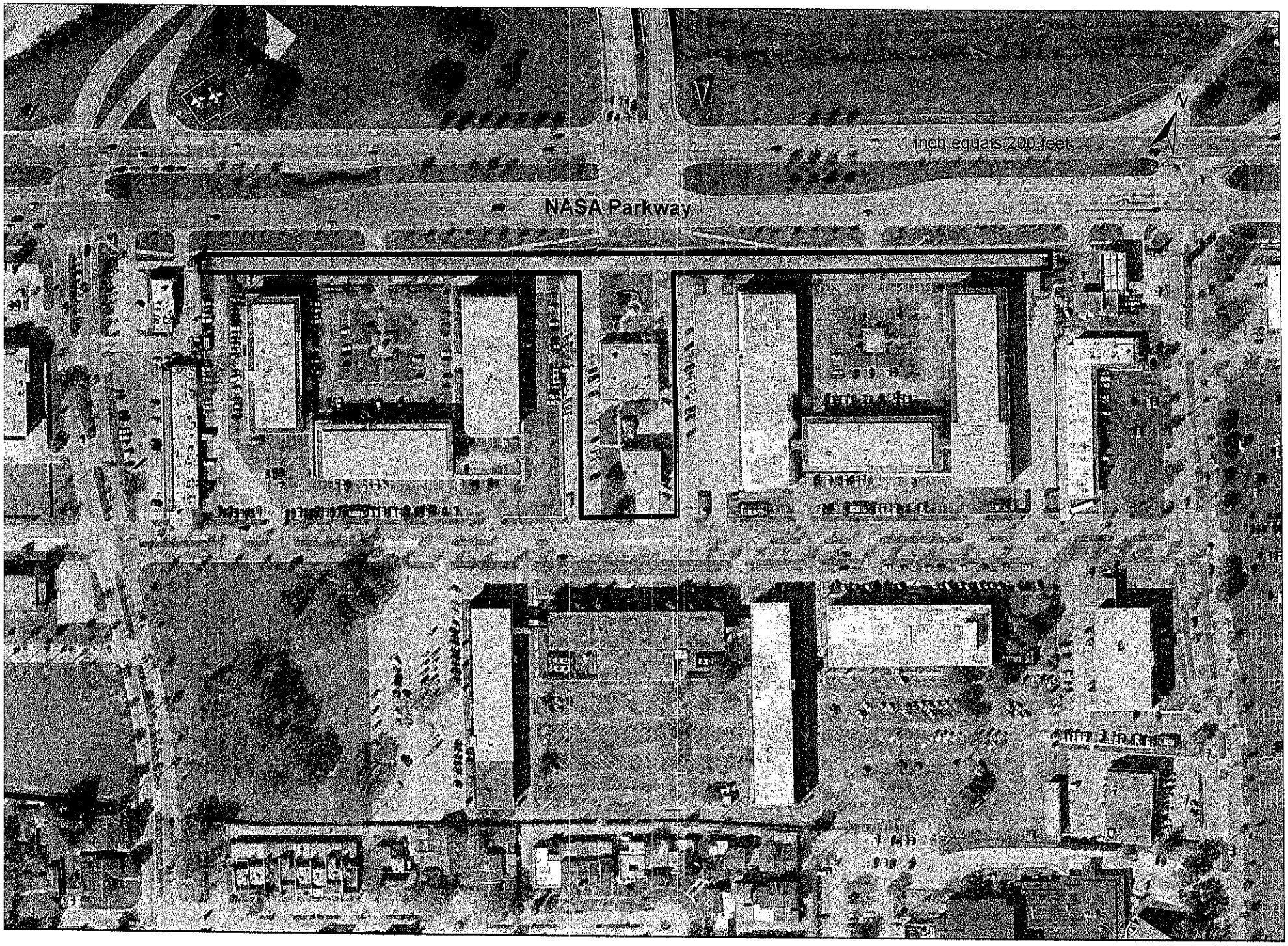


Exhibit D